

**CITY OF ASHLAND, KANSAS**

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**FINANCIAL STATEMENT  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2018**

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## TABLE OF CONTENTS

|                                                                            | <u>Page</u> |
|----------------------------------------------------------------------------|-------------|
| INDEPENDENT AUDITOR'S REPORT .....                                         | 1           |
| <u>FINANCIAL SECTION</u>                                                   |             |
| Statement 1                                                                |             |
| SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES<br>AND UNENCUMBERED CASH ..... | 4           |
| NOTES TO THE FINANCIAL STATEMENT .....                                     | 5           |
| <u>REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION</u>                       |             |
| Schedule 1                                                                 |             |
| SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET .....                          | 12          |
| Schedule 2                                                                 |             |
| SCHEDULE OF RECEIPTS AND EXPENDITURES                                      |             |
| 2-1 General Fund .....                                                     | 13          |
| <u>Special Purpose Funds</u>                                               |             |
| 2-2 Library Fund .....                                                     | 15          |
| 2-3 Special Highway Fund .....                                             | 16          |
| 2-4 Special Parks and Recreation Fund.....                                 | 17          |
| 2-5 Non-Budgeted Special Purpose Funds.....                                | 18          |
| <u>Capital Project Fund</u>                                                |             |
| 2-6 Electric Improvement Fund .....                                        | 19          |
| <u>Business Funds</u>                                                      |             |
| 2-7 Water Utility Fund .....                                               | 20          |
| 2-8 Electric Utility Fund .....                                            | 21          |
| 2-9 Sewer Utility Fund .....                                               | 22          |
| 2-10 Non-Budgeted Business Funds .....                                     | 23          |
| <u>Agency Funds</u>                                                        |             |
| Schedule 3                                                                 |             |
| SUMMARY OF RECEIPTS AND DISBURSEMENTS.....                                 | 24          |

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council  
City of Ashland, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Ashland, Kansas as of and for the year ended December 31, 2018 and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note A, the financial statement is prepared by the City of Ashland, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Ashland, Kansas as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

## **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Ashland, Kansas as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

## **Other Matters**

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and summary of regulatory basis receipts and disbursements—agency funds (Schedules 1, 2, and 3, as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Ashland, Kansas as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated September 19, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended December 31, 2018 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2017, on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

September 30, 2019

## CITY OF ASHLAND, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH  
REGULATORY BASIS

For the Year Ended December 31, 2018

| <u>Fund</u>                           | <u>Beginning<br/>unencumbered<br/>cash balance</u> | <u>Prior year<br/>canceled<br/>encumbrances</u> |
|---------------------------------------|----------------------------------------------------|-------------------------------------------------|
| General fund:                         |                                                    |                                                 |
| General                               | \$ 51,877                                          | \$ -                                            |
| Special purpose funds:                |                                                    |                                                 |
| Library                               | 3,978                                              | -                                               |
| Special highway                       | 6,700                                              | -                                               |
| Special parks and recreation          | 2,518                                              | -                                               |
| Non-budgeted special purpose funds:   |                                                    |                                                 |
| GS little house grant                 | 106                                                | -                                               |
| Special equipment                     | 35,294                                             | -                                               |
| Gifts and grants                      | -                                                  | -                                               |
| George Theis, Jr. memorial            | 710                                                | -                                               |
| Pool improvement                      | 20,000                                             | -                                               |
|                                       | 69,306                                             | -                                               |
| Capital project fund:                 |                                                    |                                                 |
| Electric improvement                  | -                                                  | -                                               |
| Business funds:                       |                                                    |                                                 |
| Water utility                         | 121,519                                            | -                                               |
| Electric utility                      | 93,650                                             | -                                               |
| Sewer utility                         | 4,792                                              | -                                               |
| Non-budgeted business funds:          |                                                    |                                                 |
| Water equipment reserve               | 25,300                                             | -                                               |
| Electric reserve                      | 131,762                                            | -                                               |
|                                       | 377,023                                            | -                                               |
| Total - excluding agency funds        | \$ 498,206                                         | \$ -                                            |
| Composition of cash balance:          |                                                    |                                                 |
| Checking accounts                     |                                                    |                                                 |
| Petty cash                            |                                                    |                                                 |
| Certificates of deposit               |                                                    |                                                 |
| Capital lease proceeds held in escrow |                                                    |                                                 |
| Total cash                            |                                                    |                                                 |
| Agency funds                          |                                                    |                                                 |
| Total cash - excluding agency funds   |                                                    |                                                 |

The notes to the financial statement are an integral part of this statement.

| <u>Receipts</u>     | <u>Expenditures</u> | <u>Ending<br/>unencumbered<br/>cash balance</u> | <u>Add<br/>encumbrances<br/>and accounts<br/>payable</u> | <u>Ending<br/>cash balance</u> |
|---------------------|---------------------|-------------------------------------------------|----------------------------------------------------------|--------------------------------|
| <u>\$ 399,121</u>   | <u>\$ 411,254</u>   | <u>\$ 39,744</u>                                | <u>\$ 9,986</u>                                          | <u>\$ 49,730</u>               |
| 18,653              | 18,653              | 3,978                                           | -                                                        | 3,978                          |
| 21,563              | 25,837              | 2,426                                           | -                                                        | 2,426                          |
| 189                 | -                   | 2,707                                           | -                                                        | 2,707                          |
| -                   | -                   | 106                                             | -                                                        | 106                            |
| -                   | -                   | 35,294                                          | -                                                        | 35,294                         |
| 20,000              | -                   | 20,000                                          | -                                                        | 20,000                         |
| 8                   | 28                  | 690                                             | -                                                        | 690                            |
| -                   | 4,960               | 15,040                                          | -                                                        | 15,040                         |
| <u>60,413</u>       | <u>49,478</u>       | <u>80,241</u>                                   | <u>-</u>                                                 | <u>80,241</u>                  |
| <u>720,000</u>      | <u>523,594</u>      | <u>196,406</u>                                  | <u>-</u>                                                 | <u>196,406</u>                 |
| 207,582             | 217,920             | 111,181                                         | 311                                                      | 111,492                        |
| 1,507,914           | 1,501,251           | 100,313                                         | 1,429                                                    | 101,742                        |
| 102,803             | 101,170             | 6,425                                           | 52                                                       | 6,477                          |
| -                   | -                   | 25,300                                          | -                                                        | 25,300                         |
| -                   | -                   | 131,762                                         | -                                                        | 131,762                        |
| <u>1,818,299</u>    | <u>1,820,341</u>    | <u>374,981</u>                                  | <u>1,792</u>                                             | <u>376,773</u>                 |
| <u>\$ 2,997,833</u> | <u>\$ 2,804,667</u> | <u>\$ 691,372</u>                               | <u>\$ 11,778</u>                                         | <u>\$ 703,150</u>              |
|                     |                     |                                                 |                                                          | \$ 233,898                     |
|                     |                     |                                                 |                                                          | 100                            |
|                     |                     |                                                 |                                                          | 300,500                        |
|                     |                     |                                                 |                                                          | <u>196,406</u>                 |
|                     |                     |                                                 |                                                          | 730,904                        |
|                     |                     |                                                 |                                                          | <u>(27,754)</u>                |
|                     |                     |                                                 |                                                          | <u>\$ 703,150</u>              |

# CITY OF ASHLAND, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2018

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement and notes are representations of the City's management, which is responsible for their integrity and objectivity.

#### 1. Municipal Financial Reporting Entity

The City of Ashland is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement does not include the Ashland City Library or the Ashland, Kansas Public Building Commission, related municipal entities. A related municipal entity is an entity established to benefit the City and/or its constituents.

**Ashland City Library.** The Library is fiscally dependent on the City and the budget is approved by the City Council. The members of the governing board are appointed by the City Council. Acquisition or disposition of real property by the Library must be approved by the City. Bond issuances must also be approved by the City.

**Ashland, Kansas Public Building Commission.** The Commission was authorized by City Ordinance No. 598, pursuant to K.S.A. 12-1757 *et. seq.*, and all amendments thereto, and as amended, supplemented and limited by the City of Ashland, Kansas Charter Ordinance No. 7 establishing the composition thereof and purpose for which established.

#### 2. Basis of Presentation - Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2018:

#### REGULATORY BASIS FUND TYPES

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.



## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Basis of Presentation - Fund Accounting (Continued)

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business funds – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc.).

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

### 3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

### 4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. The following fund was amended for 2018:

| <u>Fund</u>      | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> |
|------------------|----------------------------|---------------------------|
| Electric Utility | \$ 1,513,022               | \$ 1,664,000              |

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the George Theis, Jr. Memorial, Gifts and Grants, Special Equipment, GS Little House Grant, and the Pool Improvement special purpose funds, capital project funds, agency funds or the utility reserve funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2018.

At December 31, 2018 the carrying amount of the City's deposits was \$534,398 and the bank balance was \$572,030. Of the bank balance, \$453,964 was covered by federal depository insurance, and \$118,066 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

## C. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2018, were as follows:

| <u>Issue<br/>paid</u>      | <u>Balance<br/>beginning<br/>of year</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Balance<br/>end</u> | <u>Interest and<br/>service fees<br/>of year</u> |
|----------------------------|------------------------------------------|-------------------|-------------------|------------------------|--------------------------------------------------|
| Capital leases:            |                                          |                   |                   |                        |                                                  |
| Electric utility           |                                          |                   |                   |                        |                                                  |
| Issued May 15, 2013        |                                          |                   |                   |                        |                                                  |
| In the amount of \$380,225 |                                          |                   |                   |                        |                                                  |
| At interest rate of 1.98%  |                                          |                   |                   |                        |                                                  |
| Maturing May 15, 2018      | \$ 37,284                                | \$ -              | \$ 37,284         | \$ -                   | \$ 738                                           |
| Electric utility           |                                          |                   |                   |                        |                                                  |
| Issued March 20, 2014      |                                          |                   |                   |                        |                                                  |
| In the amount of \$254,500 |                                          |                   |                   |                        |                                                  |
| At interest rate of 2.15%  |                                          |                   |                   |                        |                                                  |
| Maturing October 15, 2018  | 49,829                                   | -                 | 49,829            | -                      | 1,071                                            |
| Sewer utility              |                                          |                   |                   |                        |                                                  |
| Issued March 15, 2016      |                                          |                   |                   |                        |                                                  |
| In the amount of \$142,850 |                                          |                   |                   |                        |                                                  |
| At interest rate of 3.15%  |                                          |                   |                   |                        |                                                  |
| Maturing March 15, 2021    | 116,024                                  | -                 | 27,670            | 88,354                 | 3,655                                            |
| Electric utility           |                                          |                   |                   |                        |                                                  |
| Issued July 27, 2018       |                                          |                   |                   |                        |                                                  |
| In the amount of \$720,000 |                                          |                   |                   |                        |                                                  |
| At interest rate of 2.75%  |                                          |                   |                   |                        |                                                  |
| Maturing September 1, 2025 | -                                        | 720,000           | -                 | 720,000                | -                                                |
| Total long-term debt       | <u>\$ 203,137</u>                        | <u>\$ 720,000</u> | <u>\$ 114,783</u> | <u>\$ 808,354</u>      | <u>\$ 5,464</u>                                  |

Current maturities of long-term debt and interest through maturity are as follows:

|       | <u>Principal<br/>due</u> | <u>Interest and<br/>service fees<br/>due</u> | <u>Total<br/>due</u> |
|-------|--------------------------|----------------------------------------------|----------------------|
| 2019  | \$ 121,570               | \$ 24,536                                    | \$ 146,106           |
| 2020  | 126,980                  | 19,126                                       | 146,106              |
| 2021  | 130,590                  | 15,516                                       | 146,106              |
| 2022  | 102,978                  | 11,803                                       | 114,781              |
| 2023  | 105,809                  | 8,971                                        | 114,780              |
| 2024  | 108,719                  | 6,061                                        | 114,780              |
| 2025  | 111,708                  | 3,072                                        | 114,780              |
| Total | <u>\$ 808,354</u>        | <u>\$ 89,085</u>                             | <u>\$ 897,439</u>    |

## D. INTERFUND TRANSFERS

Operating transfers were as follows:

| <u>From</u>      | <u>To</u> | <u>Amount</u>     | <u>Statutory<br/>authority</u> |
|------------------|-----------|-------------------|--------------------------------|
| Electric utility | General   | \$ 75,000         | K.S.A. 12-825d                 |
| Water utility    | General   | 25,000            | K.S.A. 12-825d                 |
| Sewer utility    | General   | 5,000             | K.S.A. 12-825d                 |
|                  |           | <u>\$ 105,000</u> |                                |

## E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

*Other post employment benefits.* As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

*Death and disability other post employment benefits.* As provided by K.S.A. 74-4927, disabled members in KPERS receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

*Vacation leave* – Ten working days per year are allowed as vacation leave to regular full time City employees after one year of service. This increases to fifteen vacation days after ten years of service. If not used by year-end, these days are lost.

*Sick leave* – Sick leave for regular full-time employees is earned at a rate of four hours per month and may accrue up to a maximum of 360 hours. Unused sick leave will not be paid upon termination or resignation.

*Section 457 deferred compensation plan* – The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan.

## F. DEFINED BENEFIT PENSION PLAN

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

## F. DEFINED BENEFIT PENSION PLAN (CONTINUED)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$33,620 for the year ended December 31, 2018.

### Net Pension Liability

At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$246,520. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

## G. PUBLIC BUILDING COMMISSION REVENUE BONDS

In October 2015, the City of Ashland, Kansas (City) and the City of Ashland Public Building Commission (PBC) entered into agreements to issue \$9,000,000 of Ashland, Kansas, Public Building Commission Revenue Bonds, Series 2015 to pay a portion of the costs to construct, furnish and equip a new hospital facility and improvements in an amount not to exceed \$15,100,000. In June 2016, the City and PBC entered into agreements to issue another \$5,510,000 of Ashland, Kansas, Public Building Commission Revenue Bonds, Series 2016 to pay a portion of the costs to construct, furnish and equip a new hospital facility and improvements. The new facility will be constructed on a new site owned by the Ashland Hospital District No. 3 (District). In connection with this agreement, the District transferred title to its facility to the PBC. Under the terms of the agreement, the City leased the facility from the PBC and then subleased it to the District. The sublease agreement with the City requires the District to pay basic rent to the bond trustee equal to the principal and interest on the Bonds as they come due. The District's obligation to make basic rent payments under the sublease is further secured by a pledge of its revenues. Upon retirement of the Bonds, the District will assume title and ownership of the facility. Accordingly, the leased property and bond indebtedness has been included in the financial statements of the District and not the City.

## H. RELATED PARTY TRANSACTIONS

The City paid approximately \$58,704 in insurance premiums during the year to an insurance company of which the Mayor is an officer.

## I. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

## J. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

|                      | <u>Project<br/>authorization</u> | <u>Cash<br/>disbursements<br/>and accounts<br/>payable<br/>to date</u> |
|----------------------|----------------------------------|------------------------------------------------------------------------|
| Electrical expansion | <u>\$ 893,117</u>                | <u>\$ 663,605</u>                                                      |

## K. COMMITMENTS

The City has commitments for repairs and maintenance, visual inspection, emergency services, and washout inspections for two water towers as follows:

|      |                  |
|------|------------------|
| 2019 | <u>\$ 25,670</u> |
|------|------------------|

## L. CONTINGENCIES

The City receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, would be insignificant.

## M. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2019, the date on which the financial statement was available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

**REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION**

## CITY OF ASHLAND, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018

| <u>Fund</u>                     | <u>Certified<br/>budget</u> | <u>Adjustment<br/>for<br/>qualifying<br/>budget<br/>credits</u> | <u>Total<br/>budget<br/>for<br/>comparison</u> | <u>Expenditures<br/>chargeable<br/>to current<br/>year</u> | <u>Variance<br/>favorable<br/>(unfavorable)</u> |
|---------------------------------|-----------------------------|-----------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| General fund                    | \$ 468,500                  | \$ -                                                            | \$ 468,500                                     | \$ 411,254                                                 | \$ 57,246                                       |
| Special purpose funds:          |                             |                                                                 |                                                |                                                            |                                                 |
| Library                         | 19,500                      | -                                                               | 19,500                                         | 18,653                                                     | 847                                             |
| Special highway                 | 31,506                      | -                                                               | 31,506                                         | 25,837                                                     | 5,669                                           |
| Special parks and<br>recreation | 2,518                       | -                                                               | 2,518                                          | -                                                          | 2,518                                           |
| Business funds:                 |                             |                                                                 |                                                |                                                            |                                                 |
| Water utility                   | 225,000                     | -                                                               | 225,000                                        | 217,920                                                    | 7,080                                           |
| Electric utility                | 1,664,000                   | -                                                               | 1,664,000                                      | 1,501,251                                                  | 162,749                                         |
| Sewer utility                   | 106,325                     | -                                                               | 106,325                                        | 101,170                                                    | 5,155                                           |
| Total                           | <u>\$ 2,517,349</u>         | <u>\$ -</u>                                                     | <u>\$ 2,517,349</u>                            | <u>\$ 2,276,085</u>                                        | <u>\$ 241,264</u>                               |

See Independent Auditor's Report



## CITY OF ASHLAND, KANSAS

## GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

|                                    |                | 2018           |                   | Variance                   |
|------------------------------------|----------------|----------------|-------------------|----------------------------|
|                                    | 2017           | Actual         | Budget            | favorable<br>(unfavorable) |
| Receipts:                          |                |                |                   |                            |
| Taxes and shared revenue:          |                |                |                   |                            |
| Ad valorem property tax            | \$ 169,193     | \$ 167,656     | \$ 169,696        | \$ (2,040)                 |
| Delinquent tax                     | 24,207         | 15,367         | -                 | 15,367                     |
| Motor vehicle tax                  | 47,646         | 49,069         | 49,735            | (666)                      |
| Recreational vehicle tax           | 672            | 624            | 777               | (153)                      |
| 16/20M truck tax                   | 744            | 651            | 735               | (84)                       |
| Local alcoholic liquor             | -              | 188            | -                 | 188                        |
| Interconnecting links              | 12,795         | 12,804         | 12,750            | 54                         |
| State and federal aid              | 45,168         | -              | -                 | -                          |
| Licenses, fees, fines and permits: |                |                |                   |                            |
| Franchise fees                     | 14,148         | 15,051         | 12,000            | 3,051                      |
| Fines                              | 213            | 440            | 100               | 340                        |
| Licenses and permits               | 450            | 600            | 450               | 150                        |
| Charges for services:              |                |                |                   |                            |
| Cemetery                           | 1,565          | 1,020          | 2,000             | (980)                      |
| Swimming pool                      | 4,434          | 3,859          | 4,200             | (341)                      |
| Use of money and property:         |                |                |                   |                            |
| Farm income                        | 9,396          | 9,955          | 9,000             | 955                        |
| Airport receipts                   | 8,870          | 10,721         | 10,000            | 721                        |
| Miscellaneous                      | 15,380         | 14,709         | -                 | 14,709                     |
| Transfer from electric utility     | 75,000         | 75,000         | 125,000           | (50,000)                   |
| Transfer from water utility        | 70,000         | 25,000         | 30,000            | (5,000)                    |
| Transfer from sewer utility        | 10,000         | 5,000          | 10,000            | (5,000)                    |
| Neighborhood revitalization rebate | (9,676)        | (8,593)        | (10,398)          | 1,805                      |
| Total receipts                     | <u>500,205</u> | <u>399,121</u> | <u>\$ 426,045</u> | <u>\$ (26,924)</u>         |
| Expenditures:                      |                |                |                   |                            |
| General government:                |                |                |                   |                            |
| General operations                 | 136,671        | 103,065        | \$ 152,000        | \$ 48,935                  |
| Cemetery                           | 14,322         | 7,263          | 13,000            | 5,737                      |
| Employee benefits                  | 42,530         | 40,186         | 52,000            | 11,814                     |
| Nuisance abatement                 | -              | 3,777          | 7,500             | 3,723                      |
| Subtotal                           | <u>193,523</u> | <u>154,291</u> | <u>224,500</u>    | <u>70,209</u>              |

## CITY OF ASHLAND, KANSAS

## GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

|                                      |           | 2018      |            |                                        |
|--------------------------------------|-----------|-----------|------------|----------------------------------------|
|                                      | 2017      | Actual    | Budget     | Variance<br>favorable<br>(unfavorable) |
| Public safety:                       |           |           |            |                                        |
| Fire department                      | \$ 14,534 | \$ 17,086 | \$ 15,000  | \$ (2,086)                             |
| Highways and streets:                |           |           |            |                                        |
| Streets and alleys                   | 188,893   | 201,845   | 177,500    | (24,345)                               |
| Spraying                             | 880       | -         | 1,000      | 1,000                                  |
| Subtotal                             | 189,773   | 201,845   | 178,500    | (23,345)                               |
| Culture and recreation:              |           |           |            |                                        |
| Park department                      | 1,878     | 1,504     | 2,500      | 996                                    |
| Swimming pool                        | 35,046    | 26,319    | 28,000     | 1,681                                  |
| Airport                              | 10,016    | 10,209    | 20,000     | 9,791                                  |
| Subtotal                             | 46,940    | 38,032    | 50,500     | 12,468                                 |
| Transfer to electric reserve         | 45,168    | -         | -          | -                                      |
| Total expenditures                   | 489,938   | 411,254   | \$ 468,500 | \$ 57,246                              |
| Receipts over (under) expenditures   | 10,267    | (12,133)  |            |                                        |
| Unencumbered cash, beginning of year | 41,610    | 51,877    | \$ 42,455  | \$ 9,422                               |
| Unencumbered cash, end of year       | \$ 51,877 | \$ 39,744 |            |                                        |

See Independent Auditor's Report

## CITY OF ASHLAND, KANSAS

## LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

|                                      |           | 2018      |           | Variance                   |
|--------------------------------------|-----------|-----------|-----------|----------------------------|
|                                      | 2017      | Actual    | Budget    | favorable<br>(unfavorable) |
| Receipts:                            |           |           |           |                            |
| Taxes:                               |           |           |           |                            |
| Ad valorem property tax              | \$ 13,553 | \$ 14,059 | \$ 14,229 | \$ (170)                   |
| Delinquent tax                       | 1,978     | 1,257     | -         | 1,257                      |
| Motor vehicle tax                    | 3,929     | 3,954     | 3,983     | (29)                       |
| Recreational vehicle tax             | 56        | 50        | 62        | (12)                       |
| 16/20M truck tax                     | 60        | 54        | 59        | (5)                        |
| Neighborhood revitalization rebate   | (775)     | (721)     | (872)     | 151                        |
| Total receipts                       | 18,801    | 18,653    | \$ 17,461 | \$ 1,192                   |
| Expenditures:                        |           |           |           |                            |
| Library appropriation                | 17,900    | 18,653    | \$ 19,500 | \$ 847                     |
| Receipts over (under) expenditures   | 901       | -         |           |                            |
| Unencumbered cash, beginning of year | 3,077     | 3,978     | \$ 2,039  | \$ 1,939                   |
| Unencumbered cash, end of year       | \$ 3,978  | \$ 3,978  |           |                            |

See Independent Auditor's Report

## CITY OF ASHLAND, KANSAS

## SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

|                                      |           | 2018      |           |                                        |
|--------------------------------------|-----------|-----------|-----------|----------------------------------------|
|                                      | 2017      | Actual    | Budget    | Variance<br>favorable<br>(unfavorable) |
| Receipts:                            |           |           |           |                                        |
| Gasoline tax                         | \$ 21,634 | \$ 21,563 | \$ 22,240 | \$ (677)                               |
| Expenditures:                        |           |           |           |                                        |
| Highways and streets:                |           |           |           |                                        |
| Contractual services                 | -         | 12,934    | \$ -      | \$ (12,934)                            |
| Commodities                          | 16,859    | 12,903    | 31,506    | 18,603                                 |
| Total expenditures                   | 16,859    | 25,837    | \$ 31,506 | \$ 5,669                               |
| Receipts over (under) expenditures   | 4,775     | (4,274)   |           |                                        |
| Unencumbered cash, beginning of year | 1,925     | 6,700     | \$ 9,266  | \$ (2,566)                             |
| Unencumbered cash, end of year       | \$ 6,700  | \$ 2,426  |           |                                        |

See Independent Auditor's Report

## CITY OF ASHLAND, KANSAS

## SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

|                                      |                 | 2018            |                 | Variance<br>favorable<br>(unfavorable) |
|--------------------------------------|-----------------|-----------------|-----------------|----------------------------------------|
|                                      | <u>2017</u>     | <u>Actual</u>   | <u>Budget</u>   |                                        |
| Receipts:                            |                 |                 |                 |                                        |
| Local alcoholic liquor               | \$ -            | \$ 189          | \$ -            | \$ 189                                 |
| Expenditures:                        |                 |                 |                 |                                        |
| Culture and recreation:              |                 |                 |                 |                                        |
| Contractual services                 | -               | -               | \$ 2,518        | \$ 2,518                               |
| Receipts over (under) expenditures   | -               | 189             |                 |                                        |
| Unencumbered cash, beginning of year | <u>2,518</u>    | <u>2,518</u>    | <u>\$ 2,518</u> | <u>\$ -</u>                            |
| Unencumbered cash, end of year       | <u>\$ 2,518</u> | <u>\$ 2,707</u> |                 |                                        |

See Independent Auditor's Report

## CITY OF ASHLAND, KANSAS

## NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the Year Ended December 31, 2018

|                                      | GS little<br>house<br>grant | Special<br>equipment | Gifts and<br>grants | George<br>Theis, Jr.<br>memorial | Pool<br>improvement | Total            |
|--------------------------------------|-----------------------------|----------------------|---------------------|----------------------------------|---------------------|------------------|
| Receipts:                            |                             |                      |                     |                                  |                     |                  |
| Grants and donations                 | \$ -                        | \$ -                 | \$ 20,000           | \$ -                             | \$ -                | \$ 20,000        |
| Interest                             | -                           | -                    | -                   | 8                                | -                   | 8                |
| Total receipts                       | -                           | -                    | 20,000              | 8                                | -                   | 20,008           |
| Expenditures:                        |                             |                      |                     |                                  |                     |                  |
| Commodities                          | -                           | -                    | -                   | 28                               | 4,960               | 4,988            |
| Receipts over (under) expenditures   | -                           | -                    | 20,000              | (20)                             | (4,960)             | 15,020           |
| Unencumbered cash, beginning of year | 106                         | 35,294               | -                   | 710                              | 20,000              | 56,110           |
| Unencumbered cash, end of year       | <u>\$ 106</u>               | <u>\$ 35,294</u>     | <u>\$ 20,000</u>    | <u>\$ 690</u>                    | <u>\$ 15,040</u>    | <u>\$ 71,130</u> |

See Independent Auditor's Report

**CITY OF ASHLAND, KANSAS**

**ELECTRIC IMPROVEMENT FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS**

For the Year Ended December 31, 2018

|                                      |                          |
|--------------------------------------|--------------------------|
| Receipts:                            |                          |
| Capital lease proceeds               | \$ 720,000               |
| Expenditures:                        |                          |
| Capital outlay                       | <u>523,594</u>           |
| Receipts over (under) expenditures   | 196,406                  |
| Unencumbered cash, beginning of year | <u>-</u>                 |
| Unencumbered cash, end of year       | <u><u>\$ 196,406</u></u> |

See Independent Auditor's Report

## CITY OF ASHLAND, KANSAS

## WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

|                                      |            | 2018       |            |                                        |
|--------------------------------------|------------|------------|------------|----------------------------------------|
|                                      | 2017       | Actual     | Budget     | Variance<br>favorable<br>(unfavorable) |
| Receipts:                            |            |            |            |                                        |
| Customer charges                     | \$ 209,412 | \$ 204,976 | \$ 175,000 | \$ 29,976                              |
| Interest                             | 680        | 2,606      | -          | 2,606                                  |
| Total receipts                       | 210,092    | 207,582    | \$ 175,000 | \$ 32,582                              |
| Expenditures:                        |            |            |            |                                        |
| Production                           | 24,265     | 69,257     | \$ 65,000  | \$ (4,257)                             |
| Transmission and distribution        | 85,619     | 84,240     | 55,000     | (29,240)                               |
| General and administrative           | 40,678     | 39,423     | 50,000     | 10,577                                 |
| Transfer to general                  | 70,000     | 25,000     | 30,000     | 5,000                                  |
| Transfer to special equipment        | -          | -          | 25,000     | 25,000                                 |
| Total expenditures                   | 220,562    | 217,920    | \$ 225,000 | \$ 7,080                               |
| Receipts over (under) expenditures   | (10,470)   | (10,338)   |            |                                        |
| Unencumbered cash, beginning of year | 131,989    | 121,519    | \$ 81,989  | \$ 39,530                              |
| Unencumbered cash, end of year       | \$ 121,519 | \$ 111,181 | \$ 31,989  | \$ 79,192                              |

See Independent Auditor's Report



## CITY OF ASHLAND, KANSAS

## ELECTRIC UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

|                                      |              | 2018         |              |                                        |
|--------------------------------------|--------------|--------------|--------------|----------------------------------------|
|                                      | 2017         | Actual       | Budget       | Variance<br>favorable<br>(unfavorable) |
| Receipts:                            |              |              |              |                                        |
| Customer charges                     | \$ 1,509,609 | \$ 1,504,155 | \$ 1,600,000 | \$ (95,845)                            |
| Other                                | 4,879        | 3,759        | -            | 3,759                                  |
| Total receipts                       | 1,514,488    | 1,507,914    | \$ 1,600,000 | \$ (92,086)                            |
| Expenditures:                        |              |              |              |                                        |
| Production                           | 1,055,082    | 1,100,190    | \$ 1,250,000 | \$ 149,810                             |
| Transmission and distribution        | 166,790      | 150,638      | 150,000      | (638)                                  |
| General and administrative           | 91,003       | 86,501       | 100,000      | 13,499                                 |
| Debt service                         | 126,304      | 88,922       | 39,000       | (49,922)                               |
| Transfer to general                  | 75,000       | 75,000       | 125,000      | 50,000                                 |
| Transfer to special equipment        | 10,000       | -            | -            | -                                      |
| Total expenditures                   | 1,524,179    | 1,501,251    | \$ 1,664,000 | \$ 162,749                             |
| Receipts over (under) expenditures   | (9,691)      | 6,663        |              |                                        |
| Unencumbered cash, beginning of year | 103,341      | 93,650       | \$ 93,650    | \$ -                                   |
| Unencumbered cash, end of year       | \$ 93,650    | \$ 100,313   | \$ 29,650    | \$ 70,663                              |

See Independent Auditor's Report

## CITY OF ASHLAND, KANSAS

## SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

|                                      |           | 2018      |            |                                        |
|--------------------------------------|-----------|-----------|------------|----------------------------------------|
|                                      | 2017      | Actual    | Budget     | Variance<br>favorable<br>(unfavorable) |
| Receipts:                            |           |           |            |                                        |
| Customer charges                     | \$ 99,573 | \$ 99,458 | \$ 100,000 | \$ (542)                               |
| Interest                             | 3,563     | 3,040     | 2,000      | 1,040                                  |
| Other                                | -         | 305       | -          | 305                                    |
| Total receipts                       | 103,136   | 102,803   | \$ 102,000 | \$ 803                                 |
| Expenditures:                        |           |           |            |                                        |
| Production                           | 32,811    | 34,528    | \$ 30,000  | \$ (4,528)                             |
| Transmission and distribution        | 9,050     | 8,296     | 10,000     | 1,704                                  |
| General and administrative           | 23,723    | 22,021    | 25,000     | 2,979                                  |
| Debt service                         | 31,325    | 31,325    | 31,325     | -                                      |
| Transfer to general                  | 10,000    | 5,000     | 10,000     | 5,000                                  |
| Total expenditures                   | 106,909   | 101,170   | \$ 106,325 | \$ 5,155                               |
| Receipts over (under) expenditures   | (3,773)   | 1,633     |            |                                        |
| Unencumbered cash, beginning of year | 8,565     | 4,792     | \$ 5,241   | \$ (449)                               |
| Unencumbered cash, end of year       | \$ 4,792  | \$ 6,425  | \$ 916     | \$ 5,509                               |

See Independent Auditor's Report

## CITY OF ASHLAND, KANSAS

## NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the Year Ended December 31, 2018

|                                      | Water<br>equipment<br>reserve | Electric<br>reserve | Total             |
|--------------------------------------|-------------------------------|---------------------|-------------------|
| Receipts:                            |                               |                     |                   |
| Transfer from general                | \$ -                          | \$ -                | \$ -              |
| Expenditures                         | -                             | -                   | -                 |
| Receipts over (under) expenditures   | -                             | -                   | -                 |
| Unencumbered cash, beginning of year | 25,300                        | 131,762             | 157,062           |
| Unencumbered cash, end of year       | <u>\$ 25,300</u>              | <u>\$ 131,762</u>   | <u>\$ 157,062</u> |

See Independent Auditor's Report

## CITY OF ASHLAND, KANSAS

## AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS  
REGULATORY BASIS

For the Year Ended December 31, 2018

| <u>Fund</u>            | <u>Beginning<br/>cash<br/>balance</u> | <u>Receipts</u>   | <u>Disbursements</u> | <u>Ending<br/>cash<br/>balance</u> |
|------------------------|---------------------------------------|-------------------|----------------------|------------------------------------|
| Sanitation fund        | \$ 19                                 | \$ 120,908        | \$ 120,908           | \$ 19                              |
| Customer deposits fund | 26,024                                | 8,000             | 6,290                | 27,735                             |
| City sales tax         | -                                     | 112,006           | 112,006              | -                                  |
|                        | <u>\$ 26,043</u>                      | <u>\$ 240,914</u> | <u>\$ 239,204</u>    | <u>\$ 27,754</u>                   |

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